

HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2003

OF THE CONDITIONS AND AFFAIRS OF THE

Better Health Plans, Inc.

NAIC Group Code	2718	2718	NAIC Company Code	11139	Employer's ID Number	62-1839257
	(Current Period)	(Prior Period)				
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [ ] Dental Service Corporation [ ] Other [ ]		Property/Casualty[ ] Vision Service Corporation [ ] Is HMO Federally Qualified? Yes[ ] No[X]	Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization [X]		
Incorporated	08/09/2000		Commenced Business	07/01/2001		
Statutory Home Office	1000 Ridgeway Loop Road, Suite 203			Memphis, TN 38120		
	(Street and Number)			(City, or Town, State and Zip Code)		
Main Administrative Office	300 Oxford Drive			300 Oxford Drive		
	(Street and Number)			(Street and Number)		
	Monroeville, PA 15146			(412)858-4000		
	(City, or Town, State and Zip Code)			(Area Code)(Telephone Number)		
Mail Address	300 Oxford Drive			Monroeville, PA 15146		
	(Street and Number)			(City, or Town, State and Zip Code)		
Primary Location of Books and Records	300 Oxford Drive			300 Oxford Drive		
	(Street and Number)			(Street and Number)		
	Monroeville, PA 15146			(412)858-4000		
	(City, or Town, State and Zip Code)			(Area Code)(Telephone Number)		
Internet Website Address	www.trhp.com					
Statutory Statement Contact	Leslie Ann Gelpi			(412)858-4000-2201		
	(Name)			(Area Code)(Telephone Number)		
	lgelpi@trhp.com			(412)457-1414		
	(E-Mail Address)			(Fax Number)		
Policyowner Relations Contact	300 Oxford Drive			300 Oxford Drive		
	(Street and Number)			(Street and Number)		
	Monroeville, PA 15146			(800)400-4003		
	(City, or Town, State and Zip Code)			(Area Code)(Telephone Number)		

OFFICERS

Chief Executive Officer/ President	Thomas Warren Carmichael
Secretary/Treasurer	William Howard Lawson Jr.
Vice President-Finance/Ass. Secy/Ass. Treasurer	Leslie Ann Gelpi
Vice President-Marketing & Provider Relations	Jennifer Lee Kessler
Vice President - Operations	Fred Owen Madill
Vice President/General Counsel	David William Thomas
Compliance Officer	Heather Rachelle Miller
Vice President – Medical Operations	Shirley Jean Blevins

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Thomas Warren Carmichael	William Howard Lawson Jr.
John Hull Dobbs Jr.	

State of	Pennsylvania
County of	Allegheny

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Thomas Warren Carmichael	William Howard Lawson, Jr.	Leslie Ann Gelpi
(Printed Name)	(Printed Name)	(Printed Name)
CEO/President	Secretary/Treasurer	VP Finance/Asst.Treasurer/Asst.Secretary

Subscribed and sworn to before me this

day of 2003

a. Is this an original filing?  
b. If no, 1. State the amendment number  
2. Date filed  
3. Number of pages attached

Yes [x] No [ ]

(Notary Public Signature)

ASSETS

		Current Statement Date			4
		1	2	3	December 31, Prior Year Net Admitted Assets
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1.	Bonds .....	1,144,998		1,144,998	1,153,235
2.	Stocks:				
2.1	Preferred stocks .....				
2.2	Common stocks .....				
3.	Mortgage loans on real estate:				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate:				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) ..				
5.	Cash (\$.....8,802,374 and short-term investments \$.....)	8,802,374		8,802,374	9,746,397
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets .....				
8.	Receivable for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	9,947,372		9,947,372	10,899,632
11.	Investment income due and accrued .....	18,390		18,390	32,475
12.	Premiums and considerations:				
12.1	Uncollected premiums and agents' balances in course of collection .....	6,136		6,136	14,952
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premiums) .....				
12.3	Accrued retrospective premiums .....				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers .....				11,607
13.2	Funds held by or deposited with reinsured companies .....				
13.3	Other amounts receivable under reinsurance contracts .....				
14.	Amounts receivable relating to uninsured plans .....	51,352		51,352	609,607
15.1	Current federal and foreign income tax recoverable and interest thereon .....				
15.2	Net deferred tax asset .....				
16.	Guaranty funds receivable or on deposit .....				
17.	Electronic data processing equipment and software .....				
18.	Furniture and equipment, including health care delivery assets (\$.....) .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Receivables from parent, subsidiaries and affiliates .....				
21.	Health care (\$.....51,945) and other amounts receivable .....	51,945	51,945		
22.	Other assets nonadmitted .....				
23.	Aggregate write-ins for other than invested assets .....	82,243	82,243		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	10,157,438	134,188	10,023,250	11,568,273
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	TOTALS (Lines 24 and 25) .....	10,157,438	134,188	10,023,250	11,568,273
DETAILS OF WRITE-INS					
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Prepaid Expenses .....	82,243	82,243		
2302	.....				
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	82,243	82,243		

**LIABILITIES, CAPITAL AND SURPLUS**

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	5,653,186		5,653,186	7,224,929
2.	Accrued medical incentive pool and bonus payments .....				
3.	Unpaid claims adjustment expenses .....	365,965		365,965	299,935
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserve .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	291,006		291,006	291,006
9.	General expenses due or accrued .....	104,809		104,809	30,269
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				200,573
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....	6,280		6,280	
21.	Aggregate write-ins for other liabilities (including \$..... current) .....				
22.	Total liabilities (Lines 1 to 21) .....	6,421,246		6,421,246	8,046,712
23.	Common capital stock .....	X X X	X X X	100	100
24.	Preferred capital stock .....	X X X	X X X		
25.	Gross paid in and contributed surplus .....	X X X	X X X	2,989,400	2,989,400
26.	Surplus notes .....	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
28.	Unassigned funds (surplus) .....	X X X	X X X	612,504	532,061
29.	Less treasury stock, at cost:				
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29) .....	X X X	X X X	3,602,004	3,521,561
31.	Total liabilities, capital and surplus (Lines 22 and 30) .....	X X X	X X X	10,023,250	11,568,273
DETAILS OF WRITE-INS					
2101	.....				
2102	.....				
2103	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page .....	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....	X X X	X X X		

**STATEMENT OF REVENUE AND EXPENSES**

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	.....	260,890
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....	52,884	38,264,598
3.	Change in unearned premium reserves and reserves for rate credits .....	X X X .....	.....	.....
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....	.....	.....
5.	Risk revenue .....	X X X .....	.....	.....
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	.....	.....
7.	Aggregate write-ins for other non-health revenues .....	X X X .....	.....	.....
8.	Total revenues (Lines 2 to 7) .....	X X X .....	52,884	38,264,598
<b>Hospital and Medical:</b>				
9.	Hospital/medical benefits .....	.....	47,846	21,065,827
10.	Other professional services .....	.....	7,915	4,176,205
11.	Outside referrals .....	.....	.....	.....
12.	Emergency room and out-of-area .....	.....	(1,089)	1,088,998
13.	Prescription drugs .....	.....	(9,719)	6,325,052
14.	Aggregate write-ins for other hospital and medical .....	.....	.....	.....
15.	Incentive pool and withhold adjustments .....	.....	.....	.....
16.	Subtotal (Lines 9 to 15) .....	.....	44,953	32,656,082
<b>Less:</b>				
17.	Net reinsurance recoveries .....	.....	.....	260,719
18.	Total hospital and medical (Lines 16 minus 17) .....	.....	44,953	32,395,363
19.	Non-health claims .....	.....	.....	.....
20.	Claims adjustment expenses .....	.....	11,353	922,463
21.	General administrative expenses .....	.....	43,258	4,363,782
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....	.....	.....	.....
23.	Total underwriting deductions (Lines 18 through 22) .....	.....	99,564	37,681,608
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	(46,680)	582,990
25.	Net investment income earned .....	.....	33,380	310,445
26.	Net realized capital gains or (losses) .....	.....	.....	.....
27.	Net investment gains or (losses) (Lines 25 plus 26) .....	.....	33,380	310,445
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....	.....	.....	.....
29.	Aggregate write-ins for other income or expenses .....	.....	.....	.....
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(13,300)	893,435
31.	Federal and foreign income taxes incurred .....	X X X .....	.....	303,767
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(13,300)	589,668
<b>DETAILS OF WRITE-INS</b>				
0601	.....	X X X .....	.....	.....
0602	.....	X X X .....	.....	.....
0603	.....	X X X .....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	.....	.....
0701	.....	X X X .....	.....	.....
0702	.....	X X X .....	.....	.....
0703	.....	X X X .....	.....	.....
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....	.....	.....
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....	.....	.....
1401.	Miscellaneous Medical Expense .....	.....	.....	.....
1402	.....	.....	.....	.....
1403	.....	.....	.....	.....
1498.	Summary of remaining write-ins for Line 14 from overflow page .....	.....	.....	.....
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	.....	.....	.....
2901.	Penalty Assessed by TennCare .....	.....	.....	.....
2902	.....	.....	.....	.....
2903	.....	.....	.....	.....
2998.	Summary of remaining write-ins for Line 29 from overflow page .....	.....	.....	.....
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	.....	.....	.....

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	3,521,561	3,143,203
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32 .....	(13,300)	589,668
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Net unrealized capital gains and losses .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	93,743	(211,310)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	80,443	378,358
49.	Capital and surplus end of reporting period (Line 31 plus 48) .....	3,602,004	3,521,561
DETAILS OF WRITE-INS			
4701	.....		
4702	.....		
4703	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1 Current Year To Date	2 Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	61,700	39,101,547
2.	Net investment income .....	55,702	329,550
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	117,402	39,431,097
5.	Benefit and loss related payments .....	1,556,602	38,214,178
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	(557,157)	7,630,373
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$..... net tax on capital gain (losses) .....		
10.	Total (Lines 5 through 9) .....	999,445	45,844,551
11.	Net cash from operations (Line 4 minus Line 10) .....	(882,043)	(6,413,454)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		900,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		900,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		1,169,125
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....		1,169,125
14.	Net increase (decrease) in policy loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....		(269,125)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds received .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(61,980)	(324,457)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(61,980)	(324,457)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Lines 11 plus 15 plus 17) .....	(944,023)	(7,007,036)
19.	Cash and short-term investments:		
19.1	Beginning of year .....	9,746,397	16,753,433
19.2	End of period .....	8,802,374	9,746,397

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year .....													
2. First Quarter .....													
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....													
Total Member Ambulatory Encounters for Period:													
7. Physician .....													
8. Non-Physician .....													
9. Total .....													
10. Hospital Patient Days Incurred .....													
11. Number of Inpatient Admissions .....													
12. Health Premiums Collected .....	61,700								61,700				
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....	52,884								52,884				
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services ...	1,616,696								1,616,696				
18. Amount Incurred for Provision of Health Care Services .....	44,953								44,953				

**CLAIMS PAYABLE (Reported and Unreported)**

Aging Analysis of Unpaid Claims						
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999 Individually Listed Claims Payable .....	.....	.....	.....	.....	.....	.....
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....	.....	.....	.....	.....	.....	.....
0399999 Aggregate Accounts Not Individually Listed - Covered .....	79,266	394	10	.....	.....	79,670
0499999 Subtotals .....	79,266	394	10	.....	.....	79,670
0599999 Unreported claims and other claim reserves .....	.....					5,573,516
0699999 Total Amounts Withheld .....	.....					.....
0799999 Total Claims Payable .....	.....					5,653,186
0899999 Accrued Medical Incentive Pool .....	.....					.....

**UNDERWRITING AND INVESTMENT EXHIBIT**

**ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1+3)	6  Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
		1	2	3	4		
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums ..	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	1,616,695	.....	5,653,186	.....	7,269,881	7,224,929
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	1,616,695	.....	5,653,186	.....	7,269,881	7,224,929
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pools, accruals and disbursements ..	.....	.....	.....	.....	.....	.....
12.	TOTALS .....	1,616,695	.....	5,653,186	.....	7,269,881	7,224,929

Notes to Financial Statement

Related Party Transactions

At March 31, 2003, the Company reported the following amounts payable:

No amounts due to the Parent Company, Three Rivers Holdings, for amounts due under the tax reimbursement agreement. Amounts under this agreement are payable quarterly. Total expense incurred under this agreement for 2003 is \$0.

No amounts due to Three Rivers Administrative Services, LLC, (also owned by Three Rivers Holdings, Inc) for amounts due under the Administrative Services Agreement. Payment is made monthly. Total expense incurred under this agreement is \$1,293,528.

Capital and Surplus

Unassigned surplus was reduced by the following amounts:  
non admitted asset values \$134,188

Gain or Loss from Uninsured Plans:

The gain from operations from ASO uninsured plan was as follows for the first quarter 2003:

	ASO Uninsured Plans
a. Net reimbursement for administrative expenses in excess (deficit) of actual expenses	\$ (58,237)
b. Total net other income or expenses	\$ -
c. Net gain or loss from operations (net of tax)	\$ (58,237)
d. Total claim payment volume	\$ 14,228,743

Other

Prior year amounts on the cash flow page have been restated to fit the revised classifications.

Health Care Receivables:

As the company is operating as an ASO, no pharmacy rebates have been estimated since June 30, 2002. Rebates will be reported on a cash basis as received and forwarded to TennCare. The third previous quarter and prior quarters are reported based on reports from our pharmacy benefit manager (PBM) listing rebates invoiced. The Company generally receives a notice from the PBM in the fourth month following the end of each quarter, listing the rebate amounts billed by manufacturer. Received amounts listed below are calculated based on the date the PBM notified the Company of the invoiced rebates.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements (Original Estimate)	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of receiving Invoice	Actual Rebates Collected Within 91 to 180 Days of receiving Invoice	Actual Rebates Collected More Than 180 Days After receiving Invoice	Receivable as of 3/31/03	Non-Admitted Asset	Admitted Asset
3/31/03	0	0	0	0	0	0	0	0
12/31/02	0	0	0	0	0	0	0	0
9/30/02	0	0	0	0	0	0	0	0
6/30/02	133,963	153,442	2,710	136,032	0	14,700	14,700	0
3/31/02	126,366	159,521	0	112,334	9,942	37,245	37,245	0
12/31/01	117,277	176,850	0	142,088	34,762	0	0	0
9/30/01		156,108	0	130,488	25,620	0	0	0

**GENERAL INTERROGATORIES**  
(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes[ ] No[X]
- 1.2 If yes, explain:
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[ ] No[X]
- 2.2 If yes, has the report been filed with the domiciliary state?

Yes[ ] No[ ] N/A[X]
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 3.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end?  
If yes attach an explanation.

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....	.....	.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

Yes[ ] No[X] N/A[ ]
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

03/22/2002
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 7.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes[ ] No[X]
- 8.2 If yes, give full information
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
.....	.....	. Yes[ ] No[X]	. Yes[ ] No[X]	. Yes[ ] No[X]	. Yes[ ] No[X]	. Yes[ ] No[X]

**GENERAL INTERROGATORIES (continued)**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

**INVESTMENT**

- 10.1

Has there been any changes in the reporting entity's own preferred or common stock?

Yes[ ] No[X]
- 10.2

If yes, explain:
- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[ ] No[X]
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$.....
13.

Amount of real estate and mortgages held in short-term investments:

\$.....
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[ ] No[X]
- 14.2

If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds .....		
14.22 Preferred Stock .....		
14.23 Common Stock .....		
14.24 Short-Term Investments .....		
14.25 Mortgages, Loans or Real Estate .....		
14.26 All Other .....		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....		
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above .....		

- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[ ] No[X]
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

Yes[ ] No[ ] N/A[X]
16.

Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV, H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]
- 16.1

For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
First Tennessee Bank National Association .....	Memphis, Tennessee .....

- 16.2

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

- 16.3

Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[ ] No[X]
- 16.4

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

- 16.5

Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

**SCHEDULE A - VERIFICATION**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....		
2.	Increase (decrease) by adjustment .....		
3.	Cost of acquired .....		
4.	Cost of additions to and permanent improvements .....		
5.	Total profit (loss) on sales .....		
6.	Increase (decrease) by foreign exchange adjustment .....		
7.	Amount received on sales .....		
8.	Book/adjusted carrying value at end of current period .....		
9.	Total valuation allowance .....		
10.	Subtotal (Lines 8 plus 9) .....		
11.	Total nonadmitted amounts .....		
12.	Statement value, current period (Page 2, real estate lines, current period) .....		

**SCHEDULE B - VERIFICATION**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....		
2.	Amount loaned during period:		
2.1	Actual cost at time of acquisitions .....		
2.2	Additional investment made after acquisitions .....		
3.	Accrual of discount and mortgage interest points and commitment fees .....		
4.	Increase (decrease) by adjustment .....		
5.	Total profit (loss) on sale .....		
6.	Amounts paid on account or in full during the period .....		
7.	Amortization of premium .....		
8.	Increase (decrease) by foreign exchange adjustment .....		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....		
10.	Total valuation allowance .....		
11.	Subtotal (Lines 9 plus 10) .....		
12.	Total nonadmitted amounts .....		
13.	Statement value of mortgages owned at end of current period .....		

**SCHEDULE BA - VERIFICATION**

Other Invested Assets Included in Schedule BA

		1	2
Description		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....		
2.	Cost of acquisitions during period:		
2.1	Actual cost at time of acquisitions .....		
2.2	Additional investment made after acquisitions .....		
3.	Accrual of discount .....		
4.	Increase (decrease) by adjustment .....		
5.	Total profit (loss) on sale .....		
6.	Amounts paid on account or in full during the period .....		
7.	Amortization of premium .....		
8.	Increase (decrease) by foreign exchange adjustment .....		
9.	Book/adjusted carrying value of long-term invested assets at end of current period .....		
10.	Total valuation allowance .....		
11.	Subtotal (Lines 9 plus 10) .....		
12.	Total nonadmitted amounts .....		
13.	Statement value of long-term invested assets at end of current period .....		

**SCHEDULE D - VERIFICATION**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	1,153,235	900,000
2.	Cost of bonds and stocks acquired .....		1,169,125
3.	Accrual of discount .....		
4.	Increase (decrease) by adjustment .....		(15,890)
5.	Increase (decrease) by foreign exchange adjustment .....		
6.	Total profit (loss) on disposal .....		
7.	Consideration for bonds and stocks disposed of .....		900,000
8.	Amortization of premium .....	8,237	
9.	Book/adjusted carrying value, current period .....	1,144,998	1,153,235
10.	Total valuation allowance .....		
11.	Subtotal (Lines 9 plus 10) .....	1,144,998	1,153,235
12.	Total nonadmitted amounts .....		
13.	Statement value (Lines 11 minus 12) .....	1,144,998	1,153,235

**SCHEDULE D - PART 1B**  
**Showing the Acquisitions, Dispositions and Non-Trading Activity**  
**During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	1,153,235			(8,237)	1,144,998			1,153,235
2. Class 2 .....								
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....								
7. TOTAL Bonds .....	1,153,235			(8,237)	1,144,998			1,153,235
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. TOTAL Preferred Stock .....								
15. TOTAL Bonds & Preferred Stock .....	1,153,235			(8,237)	1,144,998			1,153,235

**15     Schedule DA Part 1 - ..... NONE**

**15     Schedule DA Part 2 Verification - ..... NONE**

**16     Schedule DB Part F Section 1 - ..... NONE**

**17     Schedule DB Part F Section 2 - ..... NONE**

**18     Schedule S Ceded Reinsurance - ..... NONE**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

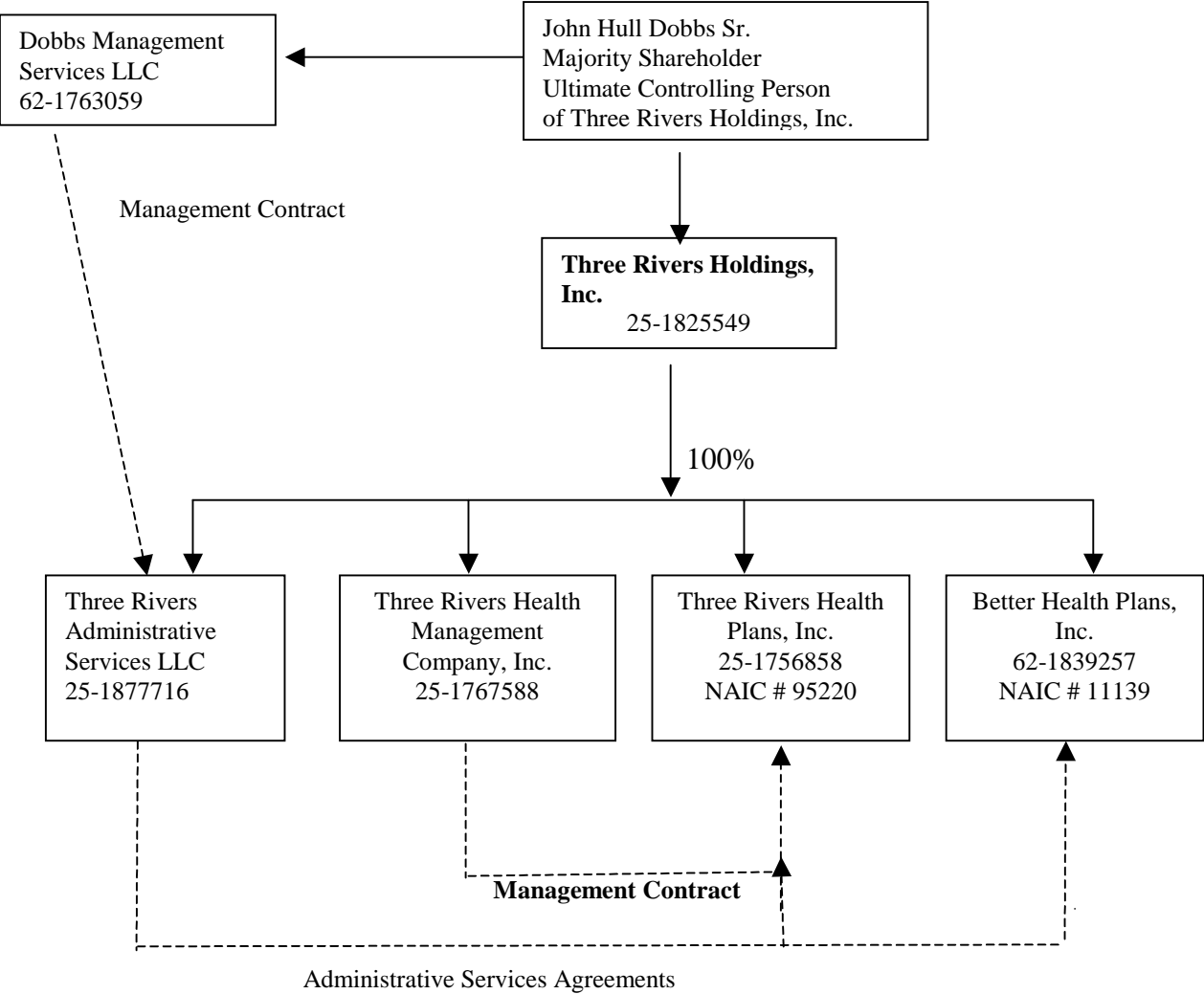
		1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only Year-to-Date					
				3  Accident and Health Premiums	4  Medicare Title XVIII	5  Medicaid Title XIX	6  Federal Employees Health Benefits Program Premiums	7  Life and Annuity Premiums and Deposit-Type Contract Funds	8  Property/ Casualty Premiums
	State, Etc.								
1.	Alabama (AL) .....	No ..	No ..						
2.	Alaska (AK) .....	No ..	No ..						
3.	Arizona (AZ) .....	No ..	No ..						
4.	Arkansas (AR) .....	No ..	No ..						
5.	California (CA) .....	No ..	No ..						
6.	Colorado (CO) .....	No ..	No ..						
7.	Connecticut (CT) .....	No ..	No ..						
8.	Delaware (DE) .....	No ..	No ..						
9.	District of Columbia (DC) .....	No ..	No ..						
10.	Florida (FL) .....	No ..	No ..						
11.	Georgia (GA) .....	No ..	No ..						
12.	Hawaii (HI) .....	No ..	No ..						
13.	Idaho (ID) .....	No ..	No ..						
14.	Illinois (IL) .....	No ..	No ..						
15.	Indiana (IN) .....	No ..	No ..						
16.	Iowa (IA) .....	No ..	No ..						
17.	Kansas (KS) .....	No ..	No ..						
18.	Kentucky (KY) .....	No ..	No ..						
19.	Louisiana (LA) .....	No ..	No ..						
20.	Maine (ME) .....	No ..	No ..						
21.	Maryland (MD) .....	No ..	No ..						
22.	Massachusetts (MA) .....	No ..	No ..						
23.	Michigan (MI) .....	No ..	No ..						
24.	Minnesota (MN) .....	No ..	No ..						
25.	Mississippi (MS) .....	No ..	No ..						
26.	Missouri (MO) .....	No ..	No ..						
27.	Montana (MT) .....	No ..	No ..						
28.	Nebraska (NE) .....	No ..	No ..						
29.	Nevada (NV) .....	No ..	No ..						
30.	New Hampshire (NH) .....	No ..	No ..						
31.	New Jersey (NJ) .....	No ..	No ..						
32.	New Mexico (NM) .....	No ..	No ..						
33.	New York (NY) .....	No ..	No ..						
34.	North Carolina (NC) .....	No ..	No ..						
35.	North Dakota (ND) .....	No ..	No ..						
36.	Ohio (OH) .....	No ..	No ..						
37.	Oklahoma (OK) .....	No ..	No ..						
38.	Oregon (OR) .....	No ..	No ..						
39.	Pennsylvania (PA) .....	No ..	No ..						
40.	Rhode Island (RI) .....	No ..	No ..						
41.	South Carolina (SC) .....	No ..	No ..						
42.	South Dakota (SD) .....	No ..	No ..						
43.	Tennessee (TN) .....	No ..	Yes ..			52,884			
44.	Texas (TX) .....	No ..	No ..						
45.	Utah (UT) .....	No ..	No ..						
46.	Vermont (VT) .....	No ..	No ..						
47.	Virginia (VA) .....	No ..	No ..						
48.	Washington (WA) .....	No ..	No ..						
49.	West Virginia (WV) .....	No ..	No ..						
50.	Wisconsin (WI) .....	No ..	No ..						
51.	Wyoming (WY) .....	No ..	No ..						
52.	American Samoa (AS) .....	No ..	No ..						
53.	Guam (GU) .....	No ..	No ..						
54.	Puerto Rico (PR) .....	No ..	No ..						
55.	U.S. Virgin Islands (VI) .....	No ..	No ..						
56.	Canada (CN) .....	No ..	No ..						
57.	Aggregate other alien (OT) .....	X X X ..	X X X ..						
58.	TOTAL (Direct Business) .....	X X X ..	(a)..... 1			52,884			
DETAILS OF WRITE-INS									
5701	.....	X X X ..	X X X ..						
5702	.....	X X X ..	X X X ..						
5703	.....	X X X ..	X X X ..						
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	X X X ..	X X X ..						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	X X X ..	X X X ..						

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

**PART 1 - ORGANIZATIONAL CHART**



# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

1. Will the SVO Compliance Certification be filed with this statement?

**RESPONSES**

Yes

Explanation:

Bar Code:

**OVERFLOW PAGE FOR WRITE-INS**

E01	Schedule A Part 2 - .....	NONE
E01	Schedule A Part 3 - .....	NONE
E02	Schedule B Part 1 - .....	NONE
E02	Schedule B Part 2 - .....	NONE
E03	Schedule BA Part 1 - .....	NONE
E03	Schedule BA Part 2 - .....	NONE
E04	Schedule D Part 3 - .....	NONE
E05	Schedule D Part 4 - .....	NONE
E06	Schedule DB Part A Section 1 - .....	NONE
E06	Schedule DB Part B Section 1 - .....	NONE
E07	Schedule DB Part C Section 1 - .....	NONE
E07	Schedule DB Part D Section 1 - .....	NONE

**SCHEDULE E - PART 1 - CASH**

1			2	3	4	Book Balance at End of Each Month During Current Quarter			8
Depository			Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	5	6	7	*
						First Month	Second Month	Third Month	
<b>open depositories</b>									
PNC Bank - Operating Account	Monroeville, PA .....		..... 1.077	..... 28,702	..... 7,690	... 8,728,072	... 8,204,514	... 8,781,335	.
PNC Bank - ASO Account .....	Monroeville, PA .....		..... 0.931	..... 2,301	.....	..... 21,538	..... 153,551	..... 18,581	.
0199998 Deposits in .....1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....			... X X X ...			..... 2,458	..... 29,458	..... 2,458	.
0199999 Totals - Open Depositories .....			... X X X ...	..... 31,003	..... 7,690	... 8,752,068	... 8,387,523	... 8,802,374	
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....			... X X X ...						.
0299999 Totals - Suspended Depositories .....			... X X X ...						
0399999 Total Cash On Deposit .....			... X X X ...	..... 31,003	..... 7,690	... 8,752,068	... 8,387,523	... 8,802,374	
0499999 Cash in Company's Office .....			... X X X ...	... X X X ...	... X X X ...				
0599999 Total Cash .....			... X X X ...	..... 31,003	..... 7,690	... 8,752,068	... 8,387,523	... 8,802,374	

**INDEX TO HEALTH  
QUARTERLY STATEMENT**

Assets .....	02
Cash (Sch. E – Part 1) .....	E08
Cash Flow .....	06
Ceded Reinsurance (Sch. S) .....	18
Claims Payable (Reported and Unreported) .....	08
Exhibit of Premiums, Enrollment and Utilization .....	07
General Interrogatories .....	11
Jurat .....	01
Liabilities, Capital and Surplus .....	03
Notes to Financial Statements .....	10
Overflow Page for Write-ins .....	22
Premiums and Other Considerations (Sch. T) .....	19
Schedules:	
Schedule A – Part 2 – Real Estate ACQUIRED	
During the Current Quarter .....	E01
Schedule A – Part 3 – Real Estate SOLD	
During the Current Quarter .....	E01
Schedule A – Verification .....	13
Schedule B – Part 1 – Mortgage Loans	
ACQUIRED During the Current Quarter .....	E02
Schedule B – Part 2 – Mortgage Loans SOLD	
During the Current Quarter .....	E02
Schedule B – Verification .....	13
Schedule BA – Part 1 – Other Long-term Invested	
Assets ACQUIRED During the Current Quarter ....	E03
Schedule BA – Part 2 – Other Long-Term Invested	
Assets SOLD During the Current Quarter .....	E03
Schedule BA – Verification .....	13
Schedule D – Part 1B – Acquisitions, Dispositions	
And Non-Trading Activity for Bonds and	
Preferred Stock by Rating Class .....	14
Schedule D – Part 3 – Long-Term Bonds and Stock	
Acquired During Current Quarter .....	E04
Schedule D – Part 4 – Long-Term Bonds and Stock	
Sold, Redeemed or Otherwise Disposed of	
During Current Quarter .....	E05
Schedule DA – Part 1 - Short-Term Investments	
Owned End of Current Quarter .....	15
Schedule DA – Part 2 - Verification .....	15
Schedule DB – Part A - Section 1 – Options, Caps,	
Floors and Insurance Futures Owned at Current	
Statement Date .....	E06
Schedule DB – Part B – Section 1 - Options, Caps,	
Floors and Insurance Futures Options Written and	
In-Force at Current Statement Date .....	E06
Schedule DB – Part C - Section 1 – Collar, Swap and	
Forwards Open at Current Statement Date .....	E07
Schedule DB – Part D – Section 1 – Futures	
Contracts and Insurance Futures Contracts at	
Current Statement Date .....	E07
Schedule DB – Part F - Section 1 – Summary of	
Replicated (Synthetic) Assets Open .....	16
Schedule DB – Part F - Section 2 – Reconciliation	
Of Replicated (Synthetic) Assets Open .....	17
Schedule E – Part 1 – Cash – Month End Balances	E08
Schedule S – Ceded Reinsurance – New	
Reinsurers Current Year to Date .....	18
Schedule T - Premiums and Other Considerations	
Allocated by States and Territories .....	19
Schedule Y – Part 1 - Organization Chart .....	20
Statement of Revenue and Expenses .....	04
Statement of Revenue and Expenses (Continued) .....	05
Supplemental Exhibits and Schedules Interrogatories..	21
Title Page and Jurat .....	01
Underwriting and Investment Exhibit .....	09
Verifications	
Schedule A – Verification .....	13
Schedule B – Verification .....	13
Schedule BA – Verification .....	13
Schedule DA – Verification .....	15
Schedule D – Verification .....	13